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Financial Services Policy Division  
Ministry of Finance  
95 Grosvenor Street, Frost Building North, 4th Floor  
Toronto, ON M7A 1Z1

### **Elimination of the Offering Statement process under the Co-operative Corporations Act**

I am writing to inform the Ministry of the hardship and additional costs and red tape that our co-operative would experience if the Offering Statement process under the *Co-operative Corporations Act* is eliminated.

The Ottawa Renewable Energy Co-operative Inc. (OREC) was incorporated in 2010 as a renewable energy co-operative. OREC is a for-profit co-operative created to develop and operate renewable energy projects in Eastern Ontario, producing electricity to sell to the Ontario grid and to building owners. This enables individual residents of Eastern Ontario to jointly finance, own and earn a reasonable return from these renewable energy generation projects, while at the same time providing local jobs and economic development.

Membership allows individuals to invest in a co-operative which owns a portfolio of community power projects larger than they could own individually. As of January 1, 2019, the Co-operative had 750 members and assets of over \$8 million. Most of this capital has been raised as equity through six offerings of preference shares to members. OREC has submitted six Offering Statements to the Financial Services Commission of Ontario as required under the Co-operatives Corporations Act.

OREC recently incorporated a sister co-operative, CoEnergy to expand its activities to other clean energy technologies and services. We have plans to raise a further \$4 million of equity in 2019/2020.

Preference share holdings by individual OREC members range between \$500 to more than \$100,000. Members themselves range from young adults with few assets to retirees with life savings. Being a co-operative, control is on the basis of membership (one member one vote) – holdings of securities have no influence on the operation of the corporation.

OREC has found the Offering Statement process both straightforward and effective:

1. It provides, in clear language, full disclosure of our co-operative and the details and risks of securities being sold to current and prospective members.
2. There are no limits as to the amount that can be invested or minimum levels of member income or assets.
3. The receipted Offering Statement provides brokers and organizations that hold member preference shares in RRSPs or TFSAs with the confidence in offering that they require.

Eliminating the Offering Statement process and requiring us to file a Prospectus or Offering Memorandum under the Ontario Securities Commission (OSC) would result in additional costs, more red tape, and significant hardship for OREC. The Prospectus process is designed for large conventional corporations. It provides no more disclosure than an Offering Statement but is far more complex and results in much higher legal costs. The Offering Memorandum and other exemptions are designed for smaller businesses but there are limits on allowed holdings and numbers of shareholders, as well as minimum asset and income requirements, making them completely unsuitable for co-operatives like OREC. Because no receipt is provided it would mean that we would also not be able to offer RRSP, TFSA, and RIFF eligibility.

The OSC was set up explicitly for the oversight of conventional corporations in which shareholdings determine ownership. The co-operative business model is significantly different – this is why co-operatives are regulated separately under the Co-operative Corporations Act and a dedicated Offering Statement process was put in place.

OREC has the potential to grow and bring more economic development to Eastern Ontario. Moving financial oversight to the OSC would significantly restrict our ability to raise capital and would increase costs and red tape. We therefore support the Ontario Co-operative Association's recommendation that the Offering Statement process be retained. It has serviced OREC and Ontario well.

Sincerely



Roger Peters

Ottawa Renewable Energy Co-operative

CoEnergy Ontario Co-operative